

Minutes

Joint Legislative Committee on Mental Health, Developmental Disabilities And Substance Abuse Services Funding Equity Work Group

**Wednesday, March 6 2002
10:00 a.m.
Room 415, Legislative Office Building**

The Funding Equity Work Group of the Joint Legislative Committee on Mental Health, Developmental Disabilities and Substance Abuse Services met on Wednesday, March 6, 2002 at 10:00 a.m. in Room 415 Legislative Office Building. Representative Insko called the regular meeting of the Funding Equity Work Group to order at 10:00 a.m. Senators Allran, Dannelly, Harris, and Lucas, and Representatives Insko (Co-Chair), Church, Gray, and Nye attended the meeting.

Representative Insko briefly reviewed the agenda for meeting and stated that she, Senator Metcalf, Dr. Fraser, Rob Lamme and Tara Larson are beginning to meet with legislators from across the state. She asked the members if they knew of anyone who wanted to have an individual briefing on the reform issues, please let Dr. Fraser know and she will set up the meetings. Representative Insko stated that committee members who are receiving letters or telephone calls from their district raising specific issues can ask Dr. Fraser to help respond to them.

Representative Insko recognized Dr. Fraser to explain examples from other states on funding key elements of the reform plan. Dr. Fraser stated that in the four states discussed all have different pieces of our plan in operation (Attachment 1).

Senator Foxx asked if there is uniformity on how the target population is defined in these states and if they are defined at the state or local level. Dr. Fraser replied it is done at the state level.

Senator Lucas asked if the determination of funding to Mental Health Boards (LMEs) in Ohio is made by the local areas and submitted to the state for approval. Dr. Fraser responded that the state determines local funding based on three factors, (1) per capita, (2) target population and (3) unmet need.

Senator Lucas asked where the state's accountability level occurs if the state provides funding to the local agencies and the local agencies are responsible for their own audits? Dr. Fraser stated that the local areas submit a plan for how they will utilize their funds and then report to the state on how the funds are actually spent. The local areas will have to have a certified audit of their local programs.

Senator Lucas asked where the local populations that are being served present grievances when their needs are not met. Dr. Fraser responded that the grievances would go to the local Mental Health Board.

Senator Harris asked how in-kind and county contributions are blended with state dollars. Dr. Fraser responded that it is up to the local authorities. Targeted population money must be spent on a targeted population. The rest can be used in any way the local areas determine is necessary.

Senator Harris asked if there is a weight factor based on the contributions made by the county. Dr. Fraser responded no, there is no set amount that every county raises locally.

Senator Dannelly asked if there were any instances where the local entity enhances their services to clients, where the state is not a participant.

Michael Mayer, NC Community Support Council was asked to comment on Ohio's experiences in mental health service delivery because of his personal knowledge of the system. Mr. Mayer responded that there are several counties in Ohio that are raising their own funds. The local mental health board files with the county commissioners to seek local funds through tax levies in those counties. The local Mental Health Board must put a plan forward to the county commissioners as to how those funds will be spent. Usually about 40-50% of the funds are raised to cover the administrative cost that the county commissioners say must be put in place. The balances of the funds are used to meet local needs that are not identified as state priorities. Subsidized housing is one of the primary expenditures. The local board must hold public hearings every year. The plan submitted to the state must include issues presented at the hearings.

Senator Dannelly asked if counties in Ohio are required to participate. Dr. Fraser responded they are not required to contribute, but they all do.

Representative Insko asked if county commissioners in Ohio have the authority to raise taxes through a levy to support mental health services. Mr. Mayer responded that the county commissioners have to agree to put the levy on the ballot for a referendum based on the plan.

Senator Harris asked how many hospitals in North Carolina other than our state institutions are qualified and certified for serving mental health needs.

Mr. Don Willis, Chief, Adult Mental Health, Division of MH/DD/SAS responded there are between 45-50 local general hospitals that have psychiatric units. There are 3-4 freestanding psychiatric hospitals and there is no reason they could not become certified.

Representative Nye asked to receive information on where these hospitals are located. Mr. Willis responded the Division would provide the information.

Dr. Fraser commented that since Ohio has been sending their money to the local boards and the local boards have the incentive to use the money for community resources, the bed day use of their state hospitals has been reduced 70% since 1990. The money is being used in the local community.

Senator Lucas asked if there are more persons in Ohio being served locally than statewide. Dr. Fraser responded in the affirmative. Senator Lucas asked if the state service is minimized. Dr. Fraser responded that state hospitals are the only state service, and everything else is provided locally.

Senator Foxx asked the Division if the work group could be provided with evaluations that have been done by the various states on how the systems are working in terms of providing services and if more people are being served with fewer dollars. Dr. Fraser stated they would provide the information at a later meeting.

Senator Harris asked if the members could be provided information about the success other states are having with the federal government about repayment of Medicaid dollars. Dr. Fraser responded the information would be provided at a later meeting.

Dr. Vinsingardi was recognized to explain the functions of MH/DD/SAS in the state of Michigan. Dr. Visingardi explained that the information presented included historical contacts and historical developments in Michigan that are consistent with general directions nationally (Attachment 2).

Representative Insko asked for a definition of "carve out". Dr. Visingardi responded that there are two ways to approach Medicaid financing if a state goes a capitated route. A "carve-in" is when one entity manages all of the benefits, both health benefits and specialty benefits. "Carve-out" is when the health benefits are managed by one entity and the specialty benefits are managed by another entity.

Senator Allran asked if the system, because of the structure, allows Michigan to draw down more federal funds than North Carolina. Dr. Visingardi responded that it does.

Senator Lucas asked if Medicaid rates in Michigan are lowered when the number of Medicaid eligible and the costs increase. Dr. Visingardi responded that the actuary sets a capitation rate, based upon Medicaid enrollment. The only way it changes is to do additional studies to make adjustments, or when there is controlled budget growth. The capitation rate stays the same. When the number of clients increases the state has to come up with more state dollars, and if the number decreases the state gets less federal money. There is an element of risk on both sides, but the liability is known and it is related only to the number of people enrolled in Medicaid.

Representative Nye commented that it appears that other states control their mental hospitals different than North Carolina in reference to the open door policy. He asked how Michigan controls theirs. Dr. Visingardi responded that Michigan handles their mental health hospitals through Community Mental Health Centers (CMHs). The local Centers make the decision of whether to buy services from the state hospitals or not. As people are moved out, the dollars follow them back to the CMH. If people are put in the hospital, the CMH has to buy the bed. To get into a state hospital you have to go through a CMH.

Representative Insko stated that arrangements would be made with Dr. Visingardi to finish his presentation on public policy history to the full Joint Legislative Oversight Committee on MH/DD/SAS rather than to the subcommittee.

Representative Insko postponed a brief statement by Mr. Tony Mulvihill, Alcohol/Drug Council of North Carolina. He will be given time to speak at the next meeting.

Mr. Mulvihill commented that most substance abuse clients do not qualify for Medicaid. He told the work group to keep substance abuse in mind as they continue their deliberations. They have an 8 billion dollar problem.

Dr. Visingardi said that he would like to continue discussion on substance abuse services with the Department, Coalition 2002, and others. In Michigan, the substance abuse system was treated separately.

Dr. Fraser was recognized to summarize the meeting. She said that the committee has identified three areas in the State Plan that need to be funded (LMEs, community-based services to target populations, and state facilities) and Dr Visingardi added a fourth, (state match dollars for Medicaid). Discussion will continue on how these dollars could be managed if sent out to the Local Management Entities (LME).

The next meeting is scheduled for April 4, 2002 at 10:00 a.m. The work group will continue discussion looking at examples from other states. At the April 18, 2002 meeting, the Division will be ready to bring in a proposal on financing to finance these elements.

Representative Gray moved adoption of minutes of the February 7, 2002 meeting. The motion carried unanimously.

Representative Insko adjourned meeting at 12:00 noon. The next meeting will be at 10:00 a.m. on April 4, 2002, in Room 415 of the Legislative Office Building.

Representative Verla Insko, Co-Chair

Senator Stephen Metcalf, Co-Chair

Bonnie McNeil, Committee Assistant